



Debbs Potts Oregon State Lottery Commission Building  
500 Airport Road SE  
Salem, Oregon 97301

**OREGON STATE LOTTERY COMMISSION MEETING  
NOVEMBER 18, 2016**

**Lottery Commission:** MardiLyn Saathoff, chair  
Maulin Patel  
Chris Telfer  
Raul Valdivia  
Mary Wheat

**Acting Director:** Barry Pack

**OREGON STATE LOTTERY COMMISSION MEETING**

Commission Chair MardiLyn Saathoff called the Nov. 18, 2016 Oregon State Lottery Commission meeting to order. Chair Saathoff stated for the record that Commissioner Telfer is attending via telephone, Commissioner Wheat is excused and a quorum of commissioners is present.

Commissioners present at the roll call: Commissioners Patel, Telfer, Valdivia and Chair Saathoff.

**A. PUBLIC COMMENT**

Chair Saathoff opened the meeting for public comment. It was noted for the record that this portion of the meeting is an opportunity for the commission to hear from the public. During public comment, the commission listens but neither discusses, nor responds to questions and concerns.

Howard Marlow, a gambling peer mentor with Voices of Problem Gambling Recovery, stated that the number of problem gamblers that the Lottery estimates is extremely low and spoke to the severity of the problem. Marlow also shared his concerns with the Lottery's responsible gambling advertisements and the Lottery's Responsible Gambling Code of Practice.

Kitty Martz, a mentor and board member from Voices of Problem Gambling Recovery, commended the Lottery's Responsible Gambling team and is glad to see that the responsible gambling commercials are balanced with the video lottery commercials. Martz shared statistics from an article regarding the social costs of gambling, which reports a much higher social cost in relation to revenues. Martz asked that the commission, when considering future strategies, have a goal that more people play a little rather than fewer people playing more. Martz also shared a problem gambler's feelings when playing video lottery and stated that those feelings encourage problem gamblers to continue to play. Martz encourages the commission to work with machine designers to address wagers as

currency, offer functions such as a digital clock and the ability to collect on a period of play with one click on every screen.

## B. MINUTES OF THE PREVIOUS MEETING, Exhibit 1

Presenter: MardiLyn Saathoff, chair

The commission reviewed the Oct. 21, 2016 Oregon Lottery Commission meeting draft minutes that were circulated in advance of the meeting, and recommended no changes to the record. Chair Saathoff called for a motion.

Commissioner Valdivia moved that the minutes of the Oregon State Lottery Commission meeting held Oct. 21, 2016 be approved as final, as presented today. Commissioner Telfer seconded the motion. *The motion passed by a 4-0 quorum vote, with Commissioners Patel, Telfer, Valdivia and Chair Saathoff voting aye.*

## C. COMMISSIONER COMMUNICATIONS

Presenter: MardiLyn Saathoff, chair

Commissioner Telfer wished everyone a happy Thanksgiving.

## D. DIRECTOR'S REPORT

Presenter: Barry Pack, acting director

Acting Director Pack provided the following updates:

**Director appointment** – Pack announced that the Governor will be announcing agency director appointments, which will include naming him as permanent director of the Oregon Lottery, pending Senate confirmation.

- Chair Saathoff and commissioners congratulated Pack.

**Executive Leadership Team Strategy Session** – The Executive Leadership Team and senior managers met to prepare for a February commission work session and discussion of a new comprehensive business strategy. The group brainstormed and discussed ideas to help create a framework that considers innovations in gaming business and internal business operations. This information will be shared with the commission in February.

**New Lottery revenue beneficiaries** – As a result of last week's election, there are two new revenue beneficiaries, outdoor school and veterans' services. Four percent of Lottery revenues will be statutorily dedicated to outdoor school, effective July 1, 2017 and 1.5 percent of revenues will be constitutionally dedicated to veterans' services, effective July 1, 2017.

**Responsible gambling training** – The *Responsible Gambling and You* training program for video lottery retailers has been completed by all chain retailers and is now being extended to independent retailers through the Lottery's field staff. Lottery employees are also taking *Responsible Gambling and You* training designed for Lottery staff. So far, 337 of 415 Lottery employees have completed the annual course. The deadline for completion is the end of the year.

*Responsible Gambling and You* training for traditional retailers is currently in development and two major retailers have committed to be the pilot chains. These retailers will help develop and test the training program.

**2017 National Council on Problem Gambling conference** – Lottery is part of the planning team for the 2017 National Council on Problem Gambling Conference which will be held in Portland.

**Traffic to the helpline and Oregon Problem Gambling Resource website** – Ongoing television and internet advertising campaigns continue to send visitors to the Oregon Problem Gambling Resources website last month.

- Nearly 150,000 page views to OPGR.org
- Nearly 20,000 clicks to OPGR.org/es—the Spanish version of the Oregon Problem Gambling Resources website
- About 54 percent were returning visitors
- Last month there were 69 referrals to treatment

**Winners** – Pack shared stories about the following winners:

- Richard Alli won \$1.2 million playing Lucky Life Scratch-it
- Vincent Zavala Aispuro won \$100,000 and Conni Woody and Dale Smith of Cottage Grove won \$5,000 on a Crossword Scratch-it

**Upcoming rule updates** – Pack provided an update on upcoming rules that the Lottery will present to the commission in the coming months:

- Procurement rules are currently on hold until a new procurement manager is in place. Once the new manager is hired, a proposal to amend the rules to clarify proper purchasing procedures, eliminate archaic provisions and determine various authorities will be presented to the commission.
- A temporary procurement rule was filed to clarify that commission approval of major procurements refers to the award of the contract and not the actual terms of the contract. This aligns the rule with statute. A notice of permanent rulemaking was filed at the same time.

**Casino updates** – Construction of the Cowlitz casino is 70 percent complete and the tribe will be constructing new off-ramps, overpass and a freeway interchange to provide better access to the casino. The Confederated Tribes of the Grand Ronde announced that they are dropping the appeal to the US Supreme Court contesting the Cowlitz Tribe’s casino at La Center and stated that they will focus their resources on the Spirit Mountain remodel and redeveloping the Wood Village greyhound racetrack property to include some form of gambling. The remaining litigants, which include local card room owners, several private land owners and the group Citizens Against Reservation Shopping have requested US Supreme Court review.

- Chair Saathoff asked if the Cowlitz casino and the Grand Ronde Tribe’s Wood Village greyhound racetrack are on reservation land. Staff noted that the Cowlitz Tribe’s casino is

on reservation and the Confederated Tribes of the Grand Ronde have publically mentioned the Wood Village property as being ancestral land. Saathoff confirmed that both facilities will have an impact on Lottery's revenues.

- Chair Saathoff asked that the commission be notified of the dates of the lottery conferences that are being held in Portland. Pack shared that the 2017 North American Association of State and Provincial Lotteries Annual Conference is also being held in Portland and the dates will be sent out to the commissioners following the meeting.

## E. FINANCIAL REPORT

Presenters: Monique Fawver, financial reporting and analysis manager

### Monthly financial statements, October 2016, Exhibit 2

Fawver gave an overview of the financial statements and described expenses and variances in the operating statement, services and supplies and balance sheet. The majority of the variances were due to timing differences.

- Commissioner Patel asked if the variances that are due to timing differences are being accrued for future expenses. Fawver stated that accruals are being made for any known budget items. Commissioner Telfer inquired about the timing of an invoice that was not accrued and Fawver replied that the timing of the invoice was unknown.
- Chair Saathoff clarified that the positive variance on the operating statement is largely due to underspending of expenses and not necessarily profit and the revenue growth is flat. Fawver agreed with that statement. Chair Saathoff encouraged Lottery to evaluate that current financial statements may show some profit based on underspending, instead of actual growth.

Chair Saathoff called for a motion.

Commissioner Patel moved that the Oregon State Lottery Financial Statement for the month ending Oct. 31, 2016 be approved for the record as presented today. Commissioner Valdivia seconded the motion. *The motion passed by a 4-0 quorum vote, with Commissioners Patel, Telfer, Valdivia and Chair Saathoff voting aye.*

### Procurement activity report, Exhibit 3

The procurement activity report updates the commission on Lottery contracts currently in process and how they align with the approved budget. Fawver reported on 17 items, including seven that have been executed, for a total of \$2,186,833.

## F. STAFF UPDATES

Presenter: Mark Strickler, senior marketing communications manager and Farshad Allahdadi, chief sales and retail services officer

Strickler shared three new holiday scratch-it campaign advertisements and a holiday microsite to accompany digital advertising, along with cost distribution for each media channel.

Strickler also shared three new video lottery marketing campaign advertisements, including one responsible gambling advertisement. The video lottery advertisements will run through May and will consist of mostly digital and television advertising. Strickler noted that there is age-gating with the digital media and television media is targeted to stations and programming that has a higher percentage of those over 21 years of age than the market average and programs are geared towards older viewers. The advertisements will run in rotation, along with the ongoing responsible gambling advertisements that are currently on air.

- Chair Saathoff asked if there is a sales target for the new holiday scratch-it campaign and for a follow up on sales, against targets and year over year, and return on investment. Allahdadi stated that there are targets and Strickler will provide the return on investment after the conclusion of the campaign.

## **Business Year Comparison Sales Report, Exhibit 4**

Allahdadi presented key product sales for this week, compared to those of one year ago.

Total Lottery sales – Year-to-date sales are \$468.2 million, an increase of 6.4 percent  
Traditional product sales – Year-to-date sales are \$125.55 million, an increase of 7.5 percent  
Scratch-it sales – Year-to-date sales are \$47.2 million, a decrease of .9 percent  
Powerball sales – Year-to-date sales are \$16.99 million, an increase of 32.5 percent  
Mega Millions sales – Year-to-date sales are \$7.55 million, an increase of 13.4 percent  
Megabucks sales – Year-to-date sales are \$14.38 million, an increase of 16.3 percent  
Video Lottery sales – Year-to-date sales are \$342.64 million, an increase of 6 percent

Allahdadi provided a recap of the Wheel of Fortune family of games scratch-it game, which just ended with a second chance drawing. Wheel of Fortune family of games did not perform as expected, partially due to the hard end date for the second chance drawing that came before the tickets sold out. Revenues for this family of games were over \$8 million and were lower than the sales of other family of game scratch-its.

The second chance winners included Derek Katelhut of Vancouver, Norman Barley of Salem and Maria Ceballos of Hillsboro. The three winners will be traveling to Los Angeles for a non-broadcast taping of Wheel of Fortune with a chance to win \$1 million.

- Commissioner Valdivia asked what revenue would be if the game would have sold out. Allahdadi stated that if all tickets would have been sold, sales would have been about \$14 million but most games are considered sold out at about 90 percent.

## **G. RESPONSIBLE GAMBLING CODE OF PRACTICE UPDATE**

Presenter: Barry Pack, acting director

Pack provided a summary of the recommended changes to the Responsible Gambling Code of Practice and stated that based on the feedback received during last month's meeting, the revisions provide guiding principles instead of a task list.

- Chair Saathoff appreciates the time that was given to the commission to review and discuss the topic and stated that the commission is very committed to the Responsible Gambling Code of Practice.

Chair Saathoff called for a motion.

Commissioner Telfer moved that the Oregon State Lottery Commission adopt the revised Responsible Gambling Code of Practice as presented today, effective Dec. 1, 2016. Commissioner Patel seconded the motion. *The motion passed by a 4-0 quorum vote, with Commissioners Patel, Telfer, Valdivia and Chair Saathoff voting aye.*

## I. OTHER BUSINESS

No other business was presented.

The next meeting is scheduled Dec. 16, 2016, at the Debbs Potts Oregon State Lottery Commission Building.

Respectfully submitted,

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Alisa Zavala  
Senior Executive Assistant to the Commission  
Lottery Director's Office

Approved by:

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Commissioner MardiLyn Saathoff, Chair  
Oregon State Lottery Commission

*OSL Commission meeting exhibits are available at [oregonlottery.org](http://oregonlottery.org). Go to "About Us," then "Commission and Director Info" then scroll to "Commission Meetings."*